

AMENDED IN SENATE MARCH 20, 2014

SENATE BILL

No. 831

Introduced by Senator Hill

(Principal coauthor: Senator Beall)

(Principal coauthors: Assembly Members Garcia and Levine)

January 6, 2014

An act to amend Sections 82015, 89506, ~~and 89513~~, 89515, ~~89516~~, ~~and 89517~~ of, and to add Sections 87106, ~~89512.7~~, and 89515.5 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 831, as amended, Hill. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and related matters, including the reporting of campaign contributions, as defined. Under existing law, a payment made at the behest of a candidate for elective office is considered a contribution unless the payment is made for purposes unrelated to the candidate's candidacy, and a payment is presumed to be unrelated to a candidate's candidacy if it is made principally for legislative, governmental, or charitable purposes. Pursuant to the act, payments principally for legislative, governmental, or charitable purposes made at the behest of a candidate who is an elected officer must be reported within 30 days following the date on which the payment or payments equal or exceed \$5,000 in the aggregate from the same source in the same calendar year in which they are made.

This bill would reduce the reporting threshold for a behested payment to \$2,500. The bill would also require the Fair Political Practices Commission to post certain behested payment reports on its Internet Web site within 30 days of receipt of the report. The bill would prohibit

an elected officer from requesting that a payment be made, or a person from making a payment, at the behest of the elected officer to a ~~business entity or~~ nonprofit organization owned or controlled by specified persons, as specified, including that officer, any other elected officer who serves on the same elective body as the behesting officer ~~and, or~~ family members, as defined, of ~~elective~~ *elected* officers serving on that elective body, *except as specified*.

(2) The act prohibits specified officers from receiving gifts, as defined, in excess of \$440 in value from a single source in a calendar year. The act exempts gift payments for the actual costs of specified types of travel that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, from the annual limit on the value of gifts from a single source.

This bill would impose an annual limit on gift payments from a single source for these types of travel at \$5,000. *The bill would also require a nonprofit organization that pays for these types of travel to disclose the names of donors responsible for funding the payments, as specified.*

(3) The act requires that contributions deposited into a campaign account be held in trust for expenses associated with the election of the candidate or for expenses associated with holding office. The act provides that an expenditure to seek office is within the lawful execution of this trust if it is reasonably related to a political purpose and an expenditure associated with holding office is within the lawful execution of this trust if it is reasonably related to a legislative or governmental purpose. Expenditures ~~which~~ *that* confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The act authorizes the use of campaign funds to make donations or loans to bona fide charitable, educational, civic, religious, or similar tax-exempt nonprofit organizations. The act imposes additional limitations on certain expenditures, including those relating to automotive expenses, travel expenses, tickets for entertainment or sporting events, personal gifts, and real property expenses.

The bill would prohibit an elected officer or a committee controlled by the elected officer from making an expenditure of campaign funds to a ~~business entity or~~ nonprofit organization owned or controlled by the officer, any other elected officer who serves on the same elective body, or family members, as defined, of ~~elective~~ *elected* officers serving on that elective body, as specified.

This bill would also limit the expenditure of campaign funds for other purposes, *as specified*, including ~~country club memberships, household food items, tuition payments, and payments to a health club or recreational facility~~ *personal vacations, payments for membership dues for a country club, health club, or other recreational facility, tuition payments, utility payments, vehicle use that is not directly related to an election campaign, and certain gifts for specified family members of a candidate, elected officer, or other individuals with the authority to approve the expenditure of campaign funds held by a committee.*

(4) A violation of the act's provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(5) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 82015 of the Government Code is
2 amended to read:
3 82015. (a) "Contribution" means a payment, a forgiveness of
4 a loan, a payment of a loan by a third party, or an enforceable
5 promise to make a payment, except to the extent that full and
6 adequate consideration is received, unless it is clear from the
7 surrounding circumstances that it is not made for political purposes.
8 (b) (1) A payment made at the behest of a committee, as defined
9 in subdivision (a) of Section 82013, is a contribution to the
10 committee unless full and adequate consideration is received from
11 the committee for making the payment.

(2) A payment made at the behest of a candidate is a contribution to the candidate unless the criteria in either subparagraph (A) or (B) are satisfied:

(A) Full and adequate consideration is received from the candidate.

(B) It is clear from the surrounding circumstances that the payment was made for purposes unrelated to his or her candidacy for elective office. The following types of payments are presumed to be for purposes unrelated to a candidate's candidacy for elective office:

(i) A payment made principally for personal purposes, in which case it may be considered a gift under the provisions of Section 82028. Payments that are otherwise subject to the limits of Section 86203 are presumed to be principally for personal purposes.

(ii) A payment made by a state, local, or federal governmental agency or by a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

(iii) A payment not covered by clause (i), made principally for legislative, governmental, or charitable purposes, in which case it is neither a gift nor a contribution. However, payments of this type that are made at the behest of a candidate who is an elected officer shall be reported within 30 days following the date on which the payment or payments equal or exceed two thousand five hundred dollars (\$2,500) in the aggregate from the same source in the same calendar year in which they are made. The report shall be filed by the elected officer with the elected officer's agency and shall be a public record subject to inspection and copying pursuant to subdivision (a) of Section 81008. The report shall contain the following information: name of payor, address of payor, amount of the payment, date or dates the payment or payments were made, the name and address of the payee, a brief description of the goods or services provided or purchased, if any, and a description of the specific purpose or event for which the payment or payments were made. Once the two-thousand-five-hundred-dollar (\$2,500) aggregate threshold from a single source has been reached for a calendar year, all payments for the calendar year made by that source ~~must~~ *shall* be disclosed within 30 days after the date the threshold was reached or the payment was made, whichever occurs later. Within 30 days after receipt of the report, state agencies shall forward a copy of these reports to the Commission, and local

1 agencies shall forward a copy of these reports to the officer with
2 whom elected officers of that agency file their campaign
3 statements. Reports filed with the Commission pursuant to this
4 clause shall be posted on the Commission's Internet Web site not
5 later than 30 days after receipt by the Commission.

6 (C) For purposes of subparagraph (B), a payment is made for
7 purposes related to a candidate's candidacy for elective office if
8 all or a portion of the payment is used for election-related activities.
9 For purposes of this subparagraph, "election-related activities"
10 shall include, but are not limited to, the following:

11 (i) Communications that contain express advocacy of the
12 nomination or election of the candidate or the defeat of his or her
13 opponent.

14 (ii) Communications that contain reference to the candidate's
15 candidacy for elective office, the candidate's election campaign,
16 or the candidate's or his or her opponent's qualifications for
17 elective office.

18 (iii) Solicitation of contributions to the candidate or to third
19 persons for use in support of the candidate or in opposition to his
20 or her opponent.

21 (iv) Arranging, coordinating, developing, writing, distributing,
22 preparing, or planning of any communication or activity described
23 in clause (i), (ii), or (iii).

24 (v) Recruiting or coordinating campaign activities of campaign
25 volunteers on behalf of the candidate.

26 (vi) Preparing campaign budgets.

27 (vii) Preparing campaign finance disclosure statements.

28 (viii) Communications directed to voters or potential voters as
29 part of activities encouraging or assisting persons to vote, if the
30 communication contains express advocacy of the nomination or
31 election of the candidate or the defeat of his or her opponent.

32 (D) A contribution made at the behest of a candidate for a
33 different candidate or to a committee not controlled by the
34 behesting candidate is not a contribution to the behesting candidate.

35 (3) A payment made at the behest of a member of the Public
36 Utilities Commission, made principally for legislative,
37 governmental, or charitable purposes, is not a contribution.
38 However, payments of this type shall be reported within 30 days
39 following the date on which the payment or payments equal or
40 exceed two thousand five hundred dollars (\$2,500) in the aggregate

1 from the same source in the same calendar year in which they are
2 made. The report shall be filed by the member with the Public
3 Utilities Commission and shall be a public record subject to
4 inspection and copying pursuant to subdivision (a) of Section
5 81008. The report shall contain the following information: name
6 of payor, address of payor, amount of the payment, date or dates
7 the payment or payments were made, the name and address of the
8 payee, a brief description of the goods or services provided or
9 purchased, if any, and a description of the specific purpose or event
10 for which the payment or payments were made. Once the
11 two-thousand-five-hundred-dollar (\$2,500) aggregate threshold
12 from a single source has been reached for a calendar year, all
13 payments for the calendar year made by that source ~~must~~ *shall* be
14 disclosed within 30 days after the date the threshold was reached
15 or the payment was made, whichever occurs later. Within 30 days
16 after receipt of the report, the Public Utilities Commission shall
17 forward a copy of these reports to the Fair Political Practices
18 Commission. Reports filed with the Fair Political Practices
19 Commission pursuant to this ~~subparagraph~~ *paragraph* shall be
20 posted on the Commission's Internet Web site not later than 30
21 days after receipt by the Commission.

22 (4) For purposes of this subdivision and subdivision (h), "made
23 at the behest of" means made under the control or at the direction
24 of; in cooperation, consultation, coordination, or concert with; at
25 the request or suggestion of; or with the express, prior consent of.

26 (c) "Contribution" includes the purchase of tickets for events
27 such as dinners, luncheons, rallies, and similar fundraising events;
28 the candidate's own money or property used on behalf of his or
29 her candidacy, other than personal funds of the candidate used to
30 pay either a filing fee for a declaration of candidacy or a candidate
31 statement prepared pursuant to Section 13307 of the Elections
32 Code; the granting of discounts or rebates not extended to the
33 public generally or the granting of discounts or rebates by television
34 and radio stations and newspapers not extended on an equal basis
35 to all candidates for the same office; the payment of compensation
36 by any person for the personal services or expenses of any other
37 person, if the services are rendered or expenses incurred on behalf
38 of a candidate or committee without payment of full and adequate
39 consideration.

1 (d) “Contribution” further includes any transfer of anything of
2 value received by a committee from another committee, unless
3 full and adequate consideration is received.

4 (e) “Contribution” does not include amounts received pursuant
5 to an enforceable promise to the extent those amounts have been
6 previously reported as a contribution. However, the fact that those
7 amounts have been received shall be indicated in the appropriate
8 campaign statement.

9 (f) “Contribution” does not include a payment made by an
10 occupant of a home or office for costs related to any meeting or
11 fundraising event held in the occupant’s home or office if the costs
12 for the meeting or fundraising event are five hundred dollars (\$500)
13 or less.

14 (g) Notwithstanding the foregoing definition of “contribution,”
15 the term does not include volunteer personal services or payments
16 made by any individual for his or her own travel expenses if the
17 payments are made voluntarily without any understanding or
18 agreement that they shall be, directly or indirectly, repaid to him
19 or her.

20 (h) “Contribution” further includes the payment of public
21 moneys by a state or local governmental agency for a
22 communication to the public that satisfies both of the following:

23 (1) The communication expressly advocates the election or
24 defeat of a clearly identified candidate or the qualification, passage,
25 or defeat of a clearly identified measure, or, taken as a whole and
26 in context, unambiguously urges a particular result in an election.

27 (2) The communication is made at the behest of the affected
28 candidate or committee.

29 SEC. 2. Section 87106 is added to the Government Code, to
30 read:

31 87106. (a) An elected officer shall not request that a payment
32 be made, and a person shall not make a payment, at the behest of
33 the elected officer, as described in Section 82015, to a ~~business~~
34 ~~entity or~~ nonprofit organization that is owned or controlled by that
35 officer, any other elected officer who serves on the same elective
36 body, or a family member of any ~~elective~~ *elected* officer who
37 serves on that elective body.

38 (b) For purposes of this section, as applied to a Member of the
39 Legislature, “same elective body” includes both houses of the
40 Legislature.

(c) For purposes of this section, a ~~business entity or~~ nonprofit organization is owned or controlled by an ~~elective~~ *elected* officer or family member of an elected officer if either of the following conditions is satisfied:

(1) The ~~elective~~ *elected* officer or family member of the ~~elective~~ *elected* officer, or a member of that person's immediate family, has a direct or indirect interest worth two thousand dollars (\$2,000) or more in the ~~business entity or~~ nonprofit organization.

(2) The ~~elective~~ *elected* officer or family member of the ~~elective~~ *elected* officer, or a member of that person's immediate family, is a director, officer, partner, or trustee of, or holds any position of management with, the ~~business entity or~~ nonprofit organization.

(d) For purposes of this section, "family member of an elected officer" means the spouse, child, sibling, or parent of an elected officer.

(e) *This section shall not apply to behested payments made to a nonprofit organization that is formed for the purpose of coordinating or performing disaster relief services.*

SEC. 3. Section 89506 of the Government Code is amended to read:

89506. (a) Payments, advances, or reimbursements; for travel, including actual transportation and related lodging and subsistence that is reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, shall not exceed five thousand dollars (\$5,000) in a calendar year from a single source, but are otherwise not prohibited or limited by this chapter if either of the following ~~apply~~ *applies*:

(1) The travel is in connection with a speech given by the elected state officer, local elected officeholder, candidate for ~~elected~~ *elective* state office or local ~~elected~~ *elective* office, an individual specified in Section 87200, member of a state board or commission, or designated employee of a state or local government agency, the lodging and subsistence expenses are limited to the day immediately preceding, the day of, and the day immediately following the speech, and the travel is within the United States.

(2) The travel is provided by a government, a governmental agency, a foreign government, a governmental authority, a bona fide public or private educational institution, as defined in Section 203 of the Revenue and Taxation Code, a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal

1 Revenue Code, or by a person domiciled outside the United States
2 ~~which~~ *who* substantially satisfies the requirements for tax-exempt
3 status under Section 501(c)(3) of the Internal Revenue Code.

4 (b) Gifts of travel not described in subdivision (a) are subject
5 to the limits in Section 89503.

6 (c) Subdivision (a) applies only to travel that is reported on the
7 recipient's statement of economic interests.

8 (d) For purposes of this section, a gift of travel does not include
9 any of the following:

10 (1) Travel that is paid for from campaign funds, as permitted
11 by Article 4 (commencing with Section 89510), or that is a
12 contribution.

13 (2) Travel that is provided by the agency of a local elected
14 officeholder, an elected state officer, member of a state board or
15 commission, an individual specified in Section 87200, or a
16 designated employee.

17 (3) Travel that is reasonably necessary in connection with a
18 bona fide business, trade, or profession and that satisfies the criteria
19 for federal income tax deduction for business expenses in Sections
20 162 and 274 of the Internal Revenue Code, unless the sole or
21 predominant activity of the business, trade, or profession is making
22 speeches.

23 (4) Travel that is excluded from the definition of a gift by any
24 other provision of this title.

25 (e) This section does not apply to payments, advances, or
26 reimbursements for travel and related lodging and subsistence
27 permitted or limited by Section 170.9 of the Code of Civil
28 Procedure.

29 (f) (1) *A nonprofit organization that makes a payment, advance,
30 or reimbursement for travel described in subdivision (a) shall
31 disclose to the Commission the name of the donors responsible
32 for funding that payment, advance or reimbursement. The
33 disclosure of donor names shall be limited to donors who knew or
34 had reason to know that the donation would be used for a payment,
35 advance, or reimbursement for travel described in subdivision (a).*

36 (2) *A donor knows or has reason to know that his or her
37 donation will be used in the manner described in paragraph (1)
38 under any of the following conditions:*

1 (A) The donor directed the nonprofit organization to use the
2 donation to make a payment, advance, or reimbursement for travel
3 described in subdivision (a).

4 (B) The donor made the donation in response to a message or
5 solicitation for donations for the stated purpose of making a
6 payment, advance, or reimbursement for travel described in
7 subdivision (a).

8 (C) The nonprofit organization made a payment, advance, or
9 reimbursement for travel described in subdivision (a) in the current
10 calendar year or any of the immediately preceding four calendar
11 years. The nonprofit organization shall disclose donors identified
12 pursuant to this subparagraph only to the extent that donations
13 made pursuant to subparagraphs (A) and (B) are less than the
14 amount of the payment, advance, or reimbursement made by the
15 organization. The nonprofit organization shall not report a donor
16 identified pursuant to this subparagraph if the organization has
17 evidence indicating that the donor restricted or otherwise did not
18 intend the donation to be used for a payment, advance, or
19 reimbursement for travel described in subdivision (a).

20 ~~SEC. 4. Section 89512.7 is added to the Government Code, to~~
21 ~~read:~~

22 ~~89512.7. Except as expressly authorized by this article,~~
23 ~~expenditures for the following are prohibited as inconsistent with~~
24 ~~the trust imposed by Section 89510:~~

- 25 ~~(a) A home mortgage, rent, or utility payment.~~
- 26 ~~(b) A clothing purchase.~~
- 27 ~~(c) A noncampaign-related automobile expense.~~
- 28 ~~(d) A country club membership.~~
- 29 ~~(e) A vacation or other noncampaign-related travel payment.~~
- 30 ~~(f) A household food item.~~
- 31 ~~(g) A tuition payment.~~
- 32 ~~(h) Admission to a sporting event, concert, theater, or other~~
33 ~~form of entertainment not related to an election campaign.~~
- 34 ~~(i) The dues, fees, and other payments to a health club or~~
35 ~~recreational facility.~~
- 36 ~~(j) A gift to a spouse, child, sibling, or parent of a candidate,~~
37 ~~elected officer, or other individual with authority to approve the~~
38 ~~expenditure of campaign funds held by a committee.~~

39 ~~SEC. 4. Section 89513 of the Government Code is amended to~~
40 ~~read:~~

89513. This section governs the use of campaign funds for the specific expenditures set forth in this section. It is the intent of the Legislature that this section shall guide the interpretation of the standard imposed by Section 89512 as applied to other expenditures not specifically set forth in this section.

(a) (1) Campaign funds shall not be used to pay or reimburse ~~the a~~ candidate, ~~the~~ elected officer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or employees or staff of the committee or the elected officer's governmental agency, for travel expenses and necessary accommodations, except when these expenditures are directly related to a political, legislative, or governmental purpose.

(2) ~~For the~~ purposes of this section, payments or reimbursements for travel and necessary accommodations shall be considered ~~as~~ directly related to a political, legislative, or governmental purpose if the payments would meet standards similar to the standards of the Internal Revenue Service pursuant to Sections 162 and 274 of the Internal Revenue Code for deductions of travel expenses under the federal income tax law.

(3) ~~For the~~ purposes of this section, payments or reimbursement for travel by the household of a candidate or elected officer when traveling to the same destination in order to accompany the candidate or elected officer shall be considered for the same purpose as the candidate's or elected officer's travel.

(4) ~~Whenever~~ *If* campaign funds are used to pay or reimburse a candidate, elected officer, his or her representative, or a member of the candidate's household for travel expenses and necessary accommodations, the expenditure shall be reported as required by Section 84211.

(5) ~~Whenever~~ *If* campaign funds are used to pay or reimburse for travel expenses and necessary accommodations, any mileage credit that is earned or awarded pursuant to an airline bonus mileage program shall be deemed personally earned by or awarded to the individual traveler. Neither the earning or awarding of mileage credit, nor the redeeming of credit for actual travel, shall be subject to reporting pursuant to Section 84211.

(6) *Campaign funds shall not be used to make a payment for a personal vacation for a candidate; elected officer; immediate family member of a candidate or elected officer; or an officer,*

1 *director, employee, or member of the staff of a candidate, elected*
2 *officer, or committee.*

3 (b) (1) Campaign funds shall not be used to pay for or reimburse
4 the cost of professional services unless the services are directly
5 related to a political, legislative, or governmental purpose.

6 (2) Expenditures by a committee to pay for professional services
7 reasonably required by the committee to assist it in the performance
8 of its administrative functions are directly related to a political,
9 legislative, or governmental purpose.

10 (3) Campaign funds shall not be used to pay health-related
11 expenses for a candidate, elected officer, or any individual or
12 individuals with authority to approve the expenditure of campaign
13 funds held by a committee, or members of his or her household.
14 “Health-related expenses” includes, but is not limited to,
15 examinations by physicians, dentists, psychiatrists, psychologists,
16 or counselors, expenses for medications, treatments or medical
17 equipment, and expenses for hospitalization, ~~health club dues,~~ and
18 special dietary foods. However, campaign funds may be used to
19 pay employer costs of health care benefits of a bona fide employee
20 or independent contractor of the committee.

21 (4) *Campaign funds shall not be used to make a payment for*
22 *membership dues for a country club, health club, or other*
23 *recreational facility.*

24 (5) *Campaign funds shall not be used to make tuition payments.*

25 (c) Campaign funds shall not be used to pay or reimburse fines,
26 penalties, judgments, or settlements, except those resulting from
27 either of the following:

28 (1) Parking citations incurred in the performance of an activity
29 that was directly related to a political, legislative, or governmental
30 purpose.

31 (2) Any other action for which payment of attorney’s fees from
32 contributions would be permitted pursuant to this title.

33 (d) ~~Campaign funds shall not be used for campaign, business,~~
34 ~~or casual clothing except specialty clothing that is not suitable for~~
35 ~~everyday use, including, but not limited to, formal wear, if this~~
36 ~~attire is to be worn by the candidate or elected officer and is directly~~
37 ~~related to a political, legislative, or governmental purpose to~~
38 ~~purchase clothing to be worn by a candidate or elected officer.~~

39 (e) (1) Except where otherwise prohibited by law, campaign
40 funds may be used to purchase or reimburse for the costs of

1 purchase of tickets to political fundraising events for the attendance
2 of a candidate, elected officer, or his or her immediate family, or
3 an officer, director, employee, or staff of the committee or the
4 elected officer's governmental agency.

5 (2) Campaign funds shall not be used to pay for or reimburse
6 for the costs of ~~tickets for entertainment or sporting events~~
7 *admission to a sporting event, concert, theater, or other form of*
8 *entertainment* for the candidate, elected officer, or members of his
9 or her immediate family, or an officer, director, employee, or staff
10 of the committee, unless their attendance at the event is directly
11 related to a political, legislative, or governmental purpose ~~the~~
12 *election campaign of the candidate or elected officer.*

13 (3) The purchase of tickets for entertainment or sporting events
14 for the benefit of persons other than the candidate, elected officer,
15 or his or her immediate family are governed by subdivision (f).

16 (f) (1) Campaign funds shall not be used to make *a gift to a*
17 *spouse, child, sibling, or parent of a candidate, elected officer, or*
18 *other individual with authority to approve the expenditure of*
19 *campaign funds held by a committee, except for a gift of nominal*
20 *value that is substantially similar to a gift made to other persons*
21 *and that is directly related to a political, legislative, or*
22 *governmental purpose. Campaign funds shall not be used to make*
23 *personal gifts to any other person not described in this paragraph*
24 *unless the gift is directly related to a political, legislative, or*
25 *governmental purpose. The refund of a campaign contribution*
26 *does not constitute the making of a gift.*

27 (2) ~~Nothing in this~~ *This section shall* does not prohibit the use
28 of campaign funds to reimburse or otherwise compensate a public
29 employee for services rendered to a candidate or committee while
30 on vacation, leave, or otherwise outside of compensated public
31 time.

32 (3) An election victory celebration or similar campaign event,
33 or gifts with a total cumulative value of less than two hundred fifty
34 dollars (\$250) in a single year made to an individual employee, a
35 committee worker, or an employee of the elected officer's agency,
36 are considered to be directly related to a political, legislative, or
37 governmental purpose. For purposes of this paragraph, a gift to a
38 member of a person's immediate family shall be deemed to be a
39 gift to that person.

(g) Campaign funds shall not be used to make loans other than to organizations pursuant to Section 89515, or, unless otherwise prohibited, to a candidate for elective office, political party, or committee.

SEC. 5. Section 89515 of the Government Code is amended to read:

89515. Campaign funds may be used to make donations or loans to bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organizations, ~~where~~ *if* no substantial part of the proceeds will have a material financial effect on the candidate, campaign treasurer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or member of his or her immediate family, and ~~where~~ *if* the donation or loan bears a reasonable relation to a political, legislative, or governmental purpose, except as prohibited by Section 89515.5.

SEC. 6. Section 89515.5 is added to the Government Code, to read:

89515.5. (a) An expenditure of campaign funds by an elected officer or committee controlled by the ~~elective~~ *elected* officer to a ~~business entity~~ or nonprofit organization that is owned or controlled by the ~~elective~~ *elected* officer, any other elected officer who serves on the same elective body, or a family member of any ~~elective~~ *elected* officer who serves on that body is deemed to serve the primary purpose of conferring a personal financial benefit on the recipient and is prohibited as being unrelated to a political, legislative, or governmental purpose and inconsistent with the trust imposed by Section 89510.

(b) For purposes of this section, as applied to a Member of the Legislature, “same elective body” includes both houses of the Legislature.

(c) For purposes of this section, a ~~business entity~~ or nonprofit organization is owned or controlled by an ~~elective~~ *elected* officer or family member of an elected officer if either of the following conditions is satisfied:

(1) The ~~elective~~ *elected* officer or family member of the ~~elective~~ *elected* officer, or a member of that person’s immediate family, has a direct or indirect interest worth two thousand dollars (\$2,000) or more in the ~~business entity~~ or nonprofit organization.

(2) The ~~elective~~ *elected* officer or family member of the ~~elective~~ *elected* officer, or a member of that person's immediate family, is a director, officer, partner, or trustee of, or holds any position of management with, the ~~business entity or~~ nonprofit organization.

(d) For purposes of this section, "family member of an elected officer" means the spouse, child, sibling, or parent of an elected officer.

SEC. 7. Section 89516 of the Government Code is amended to read:

89516. Notwithstanding Sections 89512 and 89513, this section governs the use of campaign funds for vehicle expenses.

(a) Campaign funds shall not be used to purchase a vehicle unless both of the following apply:

(1) Title to the vehicle is held by the committee and not the candidate, elected officer, campaign treasurer, or any other individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or a member of his or her immediate family.

(2) The use of the vehicle is directly related to ~~a political, legislative, or governmental purpose~~ *an election campaign*.

(b) Campaign funds shall not be used to lease a vehicle unless both of the following apply:

(1) The lessee is the committee, or a state or local government agency, and not the candidate, elected officer, or a member of his or her immediate family; or the lessor is a state or local government agency.

(2) The use of the vehicle is directly related to ~~a political, legislative, or governmental purpose~~ *an election campaign*.

(c) Campaign funds may be used to pay for or reimburse the operating costs, including, but not limited to, insurance, maintenance, and repairs, for any vehicle for which campaign funds may be spent pursuant to this section.

(d) Campaign funds may be used to reimburse a candidate, elected officer, his or her immediate family, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or an employee or member of the staff of the committee or of the elected officer's governmental agency, for the use of his or her vehicle at the rate approved by the Internal Revenue Service pursuant to Section 162 of the Internal Revenue Code in connection with deductible mileage expenses under the

1 federal income tax law, if both of the following requirements are
2 met:

3 (1) The vehicle use for which reimbursement is sought is directly
4 related to ~~political, governmental, or legislative purposes~~ *an*
5 *election campaign*.

6 (2) The specific purpose and mileage in connection with each
7 expenditure is documented in a manner approved by the Internal
8 Revenue Service in connection with deductible mileage expenses.

9 (e) For the purposes of this section, use of a vehicle is considered
10 to be directly related to ~~a political, legislative, or governmental~~
11 ~~purpose~~ *an election campaign* as long as its use for other purposes
12 is only incidental to its use for ~~political, legislative, or~~
13 ~~governmental purposes~~ *an election campaign*.

14 SEC. 8. Section 89517 of the Government Code is amended to
15 read:

16 89517. (a) Campaign funds shall not be used for payment or
17 reimbursement for the lease of real property, *for a utility bill for*
18 *real property*, or for the purchase, lease, or refurbishment of any
19 appliance or equipment, where the lessee or sublessor is, or the
20 legal title resides *in*, in whole or in part, ~~in~~ a candidate, elected
21 officer, campaign treasurer, or any individual or individuals with
22 authority to approve the expenditure of campaign funds, or member
23 of his or her immediate family.

24 (b) Campaign funds shall not be used to purchase real property.
25 Except as prohibited by subdivision (a), campaign funds may be
26 used to lease real property for up to one year at a time ~~where if~~ the
27 use of that property is directly related to political, legislative, or
28 governmental purposes *and the lessee or sublessor is not, or the*
29 *legal title does not reside in, in whole or in part, a candidate,*
30 *elected officer, campaign treasurer, or any individual or*
31 *individuals with authority to approve the expenditure of campaign*
32 *funds, or a member of his or her immediate family.*

33 (c) For the purposes of this section, real property, appliance, or
34 equipment is considered to be directly related to a political,
35 legislative, or governmental purpose ~~as long as if~~ its use for other
36 purposes is only incidental to its use for political, legislative, or
37 governmental purposes *and the lessee or sublessor of the real*
38 *property is not, or the legal title for the real property does not*
39 *reside in, in whole or in part, a candidate, elected officer,*
40 *campaign treasurer, or any individual or individuals with authority*

1 *to approve the expenditure of campaign funds, or a member of his*
2 *or her immediate family.*

3 ~~SEC. 7.~~

4 *SEC. 9.* No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 the only costs that may be incurred by a local agency or school
7 district will be incurred because this act creates a new crime or
8 infraction, eliminates a crime or infraction, or changes the penalty
9 for a crime or infraction, within the meaning of Section 17556 of
10 the Government Code, or changes the definition of a crime within
11 the meaning of Section 6 of Article XIII B of the California
12 Constitution.

13 ~~SEC. 8.~~

14 *SEC. 10.* The Legislature finds and declares that this bill
15 furthers the purposes of the Political Reform Act of 1974 within
16 the meaning of subdivision (a) of Section 81012 of the Government
17 Code.